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ABSTRACT

The recruitment of foreign college students and the controls over foreign students in the United States were reviewed. The General Accounting Office interviewed officials and studied the files of the Department of Education (ED), the Department of State, and the Immigration and Naturalization Service (INS). In addition, information was obtained from 13 higher education institutions with large concentrations of foreign students. Attention was directed to: foreign student enrollments and their home country, monitoring and control by INS, recruitment of foreign students and whether admission standards were being lowered, the percentage of foreign students attending state-supported schools, and the cost of foreign students to the federal government. It was found that in 1980-1981 about 300,000 foreign students were enrolled in about 2,700 U.S. colleges. Recent criminal investigations have disclosed illegal practices in connection with the recruitment of foreign students and foreign students fraudulently receiving federal financial aid. Actions have been taken or have been proposed that address previously reported questions about the ability of the INS to adequately monitor foreign students and the institutions they attend. Additional findings and statistical data on foreign students are included. (SW)

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BY THE U.S. GENERAL ACCOUNTING OFFICE

Report To The Chairman, Senate Committee On Labor And Human Resources

Controls Over Foreign Students in U.S. Postsecondary Institutions Are Still Ineffective; Proposed Legislation And Regulations May Correct Problems

More than 300,000 foreign students are enrolled in about 2,700 postsecondary education institutions in the United States. Recent criminal investigations have disclosed illegal practices in connection with the recruitment of foreign students and foreign students fraudulently receiving Federal financial aid. Actions have been taken or have been proposed which address previously reported questions about the ability of the Immigration and Naturalization Service to adequately monitor foreign students and the institutions they attend.

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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

HUMAN RESOURCES
DIVISION

B-199841

The Honorable Orrin G. Hatch
Chairman, Committee on Labor and
Human Resources
United States Senate

Dear Mr. Chairman:

In your January 4, 1982, letter, you requested that we review the recruitment of foreign students by colleges and universities and the controls over foreign students in the United States. In response to your request, we reviewed the activities regarding foreign students of the Departments of Education and State and the Immigration and Naturalization Service. This report discusses the results of our review.

This report contains recommendations to the Secretary of the Department of Education which should assist him in assuring that foreign students are not fraudulently receiving Federal financial aid.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from its issue date. At that time, we will send copies to the Secretaries of the Departments of Education and State; the Attorney General; the Director, Office of Management and Budget; and other interested parties upon request.

Sincerely yours,

Philip A. Bernstein
Director

GENERAL ACCOUNTING OFFICE
REPORT TO THE CHAIRMAN
SENATE COMMITTEE ON LABOR
AND HUMAN RESOURCES

CONTROLS OVER FOREIGN STUDENTS IN U.S. POSTSECONDARY INSTITUTIONS ARE STILL INEFFECTIVE; PROPOSED LEGISLATION AND REGULATIONS MAY CORRECT PROBLEMS

D I G E S T

In school year 1980-81, about 300,000 foreign students were pursuing a postsecondary education in the United States. These students represented 184 countries and were enrolled in more than 2,700 schools. (See ch. 2.)

Foreign students in this country are subject to the general conditions set forth in the Immigration and Nationality Act (8 U.S.C. 1101) and are under the control of the Immigration and Naturalization Service (INS). INS is responsible for admitting students, monitoring their stay, and identifying those who violate their status. (See ch. 1.)

Many problems previously identified by GAO regarding INS' capability to effectively monitor foreign students continue to exist. However, legislation being proposed and regulations recently proposed by INS are aimed at resolving these problems. INS and other Federal agencies are also conducting investigations concerning possible illegal activities in connection with recruiting foreign students by postsecondary schools and foreign students who have illegally obtained federally supported financial student aid. (See ch. 3.)

GAO conducted its review in response to a request by the Chairman, Senate Committee on Labor and Human Resources. GAO's work focused on determining the current situation regarding foreign students, efforts made to resolve problems previously identified by GAO, and the status of the criminal investigations now underway. (See pp. 4 to 6.)

CONTROLS OVER FOREIGN STUDENTS

A foreign student seeking admission to the United States must obtain a certificate of eligibility (INS Form I-20) from a school approved by INS in order to obtain a visa from a U.S. consulate. (See p. 2.)

Nonimmigrants are admitted into the United States for educational purposes under two types of visas. A "J" visa is issued to nonimmigrants admitted as

exchange students or for educational programs designated by the Secretary of State. An "F" visa is issued to nonimmigrants admitted to attend an INS-approved school to pursue a full course of study. (See p. 4.)

Public Law 97-116, enacted December 29, 1981, established a new "M" visa for nonimmigrants entering the United States to attend vocational schools. Before enactment of Public Law 97-116, these nonimmigrants were issued "F" visas. Nonimmigrants admitted under "F" and "M" visas are referred to as foreign students. (See p. 4.)

Once in the United States, the student is subject to controls concerning transferring schools, extending his or her length of stay, and seeking employment. Enforcement of these controls is the responsibility of the school the student is attending and INS. (See p. 3.)

STATISTICAL DATA ON FOREIGN STUDENTS

Reliable statistics on foreign students are difficult to obtain. INS does not have the capability to generate meaningful statistics on the foreign students in the country or the schools they are attending. The best statistics available are those compiled by the Institute of International Education (IIE) which conducts an annual survey on foreign students. (See p. 7.)

The number of foreign students in the United States is increasing. Between 1970 and 1980, the foreign student population increased by 112 percent. For school year 1980-81, the IIE survey identified about 312,000 students throughout the United States. The vast majority (82.9 percent) of these students had "F" visas. (See pp. 8, 9, and 29.)

Foreign students come from all over the world, with 184 countries represented in school year 1980-81. Although the number of students from Iran has dropped, it continues to be the leading country with more than 47,500 students in school year 1980-81, about 2-1/2 times the number from the next highest country, Taiwan. Fifty-eight countries each had more than 1,000 students studying in this country in 1980-81. (See pp. 29 and 39.)

More than 2,700 schools reported foreign students in 1980-81. Of the total students reported, 82.6 percent

were enrolled in 4-year schools, and 64.8 percent were enrolled in public schools. Seventy institutions each had more than 1,000 foreign students and, in total, accounted for more than one-third of the foreign students in the country. (See pp. 30 and 31.)

Foreign students are enrolled in various programs, the most popular being engineering and business/management. More than 68 percent are enrolled in associate, undergraduate, practical training, nondegree, or intensive English language programs. (See pp. 33 and 34.)

Statistics on foreign student costs are virtually nonexistent; however, an estimate places the total costs at about $2.5 billion a year. Students under "F" or "M" visas do not qualify for Federal student financial aid. Most students rely on personal and family resources or home government sponsorship to meet their expenses. (See pp. 9 to 11.)

RESOLUTION OF ISSUES FROM PREVIOUS GAO REPORTS

GAO previously identified problems in controls over foreign students in reports issued in 1975 and 1980. These reports recommended:

--Instituting a mandatory waiting period for foreign students seeking immigrant status, if grounds for such status were gained while in an illegal status. (See p. 13.)

--Improving INS procedures for periodically reviewing schools approved to accept foreign students. (See pp. 13 to 15.)

--Defining a full course of study for vocational students. (See p. 16.)

--Clarifying school responsibilities and providing INS adjudicators with additional criteria for handling foreign student requests for transfers, extensions of stay, and employment. (See pp. 16 to 18.)

--Interviewing applicants for student status to assess the need for training desired for use in the home country. (See p. 18.)

--Interviewing applicants for student status to help determine financial capability, intention to pursue a full course of study, and intention to return to their home countries. (See p. 18.)

--Requiring an English language proficiency qualification. (See p. 18.)

--Reestablishing the financial capability of a foreign student transferring schools. (See pp. 18 and 19.)

--Establishing a program for reviewing INS adjudications. (See p. 19.)

--Creating a system for gathering and maintaining information on foreign students. (See pp. 19 and 20.)

While the problems noted in GAO's previous reports continue to exist, legislation will be introduced and regulations have been proposed that are aimed at their solution. Legislation changing the Immigration and Nationality Act will be introduced in the current Congress that would require students to return home for 2 years before being eligible for immigration.

Also, regulations proposed by INS on May 28, 1982, would strengthen controls by (1) requiring a one-time recertification of schools seeking to enroll foreign students and placing stronger requirements on school approval and withdrawal of approval; (2) creating a new class of visas for vocational students; (3) increasing reliance on schools in monitoring degree-seeking students and strengthening INS monitoring of vocational students; (4) improving controls over the issuance of I-20's; (5) clarifying procedures for monitoring student requests for transfers, changes to status, and employment; and (6) defining a full course of study for vocational students. (See pp. 12 and 20.)

INS is developing new data bases on foreign students and approved schools that will enable it to better identify and monitor foreign student activity in this country. This new computerized system is scheduled to be implemented in early 1983. (See pp. 20 and 21.)

CURRENT CRIMINAL INVESTIGATIONS INVOLVING FOREIGN STUDENTS

Criminal investigations are being conducted concerning illegal activities in connection with recruiting foreign students by postsecondary schools and foreign students illegally obtaining federally supported financial aid. (See pp. 20 and 21.)

The recruiting investigation concerns institution officials and professional recruiters who have sold or illegally executed I-20's overseas. One person has been convicted, and two other people have pleaded guilty. INS and the Department of Justice have currently extended their investigation into more than 100 schools. (See pp. 22 to 24.)

INS, in cooperation with the Department of Justice, is designing regulations aimed at preventing future recruiting abuses. Proposed regulations were published in May 1982 and contain new provisions on who can issue an I-20, how it is to be issued, and to whom it can be issued. (See p. 24.)

Criminal investigations are also being conducted regarding foreign students obtaining federally supported financial aid by illegally claiming to be U.S. citizens on aid applications. An investigation in Rhode Island led to the indictment of 27 persons who had illegally received about $93,000 in student aid. Based on these findings, an Alien Student Loan and Grant Fraud project was created, employing the efforts of INS, the Department of Justice, the Department of Education, and the Postal Service. These investigations are in the early stages, but have been expanded nationwide. Project officials anticipate indictments as a result of these investigations. (See pp. 24 to 27.)

RECOMMENDATION TO THE SECRETARY OF EDUCATION

We recommend that the Secretary review the information disclosed as a result of the work of the Alien Student Loan and Grant Fraud project and, if the problem of illegal student aid is widespread, he should require that applicants for student aid submit proof of citizenship or residency to their school. (See p. 27.)

Contents

		Page
DIGEST		i
CHAPTER		
1	INTRODUCTION	1
	Controls over foreign students	2
	Controls over students entering the United States	2
	Objectives, scope, and methodology	4
2	STATISTICAL DATA ON FOREIGN STUDENTS	7
	Sources of information	7
	Foreign students admitted	8
	Distribution of foreign students in the United States	8
	Expenditures and sources of funds	9
3	CURRENT AREAS OF CONCERN IN MONITORING AND CONTROLLING FOREIGN STUDENTS	12
	Resolution of issues from previous GAO reports	12
	Current criminal investigations involving foreign students	20
APPENDIX		
I	Statistical Data on Foreign Students	28

ABBREVIATIONS

BEOG	Basic Educational Opportunity Grant
ED	Department of Education
GAO	General Accounting Office
GSL	Guaranteed Student Loan
IIE	Institute of International Education
INS	Immigration and Naturalization Service
PMIC	President's Management Improvement Council

CHAPTER 1

INTRODUCTION

Since 1952 the Immigration and Nationality Act (8 U.S.C. 1101) has permitted foreign students to study in the United States as a matter of national policy. The number of students has steadily increased over the years to the extent that, in school year 1980-81, more than 300,000 aliens were enrolled in U.S. institutions of higher education.

In July 1981, the President's Management Improvement Council (PMIC) Report on Foreign Students in the United States summarized the benefits of the national policy on foreign students as follows:

> "The student program has been deemed to serve U.S. foreign policy objectives by exposing citizens of other countries to the institutions and culture of the United States, by helping to cement alliances with other countries, and by transferring knowledge and skills to other countries, particularly those of the Third World. The student program also benefits the American economy, and those academic and vocational schools which depend on foreign student enrollments as a major source of tuition revenue. This source becomes increasingly important to those institutions as the domestic student population 'shrinks.'"

However, the Congress has also recognized that there is a need to maintain strict controls over the admission of students to insure that aliens do not use student status to illegally immigrate. A 1950 report by the Senate Committee on the Judiciary underscores this concern:

> "* * * It is the opinion of the subcommittee (Special Subcommittee to Investigate Immigration and Naturalization) that there should be no relaxation of the immigration laws which would open the door to permanent residence for student aliens."
>
> * * * * *
>
> "* * * The significance of the fact that some cases are under investigation is that some students do violate their status, and as long as there is the potential problem that foreign students may violate their status, however small the group involved, the subcommittee believes that the

maintenance of a system of strict controls by the Immigration and Naturalization Service is necessary. Any laxity in the treatment of one group of nonimmigrants may not only provide an attractive loophole for aliens desiring to enter this country illegally, but also tend to undermine the controls over the whole nonimmigrant class."

CONTROLS OVER FOREIGN STUDENTS

The Immigration and Naturalization Service (INS), within the Department of Justice (hereafter referred to as Justice), and the Department of State are responsible for insuring that students enter and stay in the United States only to study. The agencies do this by establishing special requirements that the students and the schools they attend must meet. A school admitting foreign students must first meet certain criteria set by law and regulation and be approved by INS. An approved school can then accept only students with a demonstrated capability of pursuing an education in the United States.

Approving schools

The act requires that a school seeking approval to admit foreign students be an established institution of learning or other recognized place of study. In approving schools, INS requires evidence that the school possesses the necessary facilities, personnel, and finances to conduct instruction in recognized courses.

INS must consult with the Department of Education (ED) for advice on whether a school meets the approval criteria. School approvals continue indefinitely, although INS can withdraw approval if it finds that a school no longer meets the criteria or has failed to carry out its responsibilities to INS or its students.

Schools approved by INS include colleges, universities, elementary and secondary schools, vocational schools, and English language institutes. In 1982, about 26,000 approved schools were on file with INS' district offices.

CONTROLS OVER STUDENTS ENTERING THE UNITED STATES

An alien seeking admission to a postsecondary institution in the United States must first obtain a certificate of eligibility (INS Form I-20) from an INS-approved school. Before issuing the I-20, the school must verify that the prospective student has the appropriate educational background, adequate

financial resources without having to seek employment, and the necessary English language proficiency. This may require the submission and review of various pieces of documentation, including secondary school transcripts, national test scores, bank certifications, statements of financial responsibility, and scores on tests, such as the Test of English as a Foreign Language.

After obtaining a certificate of eligibility, a prospective student may apply for a visa from an American consulate. An alien already in the United States, but in another nonimmigrant classification (such as a visitor for pleasure) may apply at an INS district office for a change to student status.

Upon arrival at a port of entry, a nonimmigrant alien is inspected by INS and asked to show a passport and to provide INS with a copy of the two-part arrival/departure document (Form I-94). This document contains a limited amount of personal identifying data as well as the alien's address while in the United States. Foreign students are also asked to furnish the I-20, which is also a two-part form.

One part is sent to the school and the other is forwarded to the appropriate INS district office. The school is required to report to INS the students who fail to register.

The original copy of the I-94 document is retained by the student during his or her stay in this country and is to be surrendered upon departure. The departure documents are sent to the INS central office, where they are to be matched with corresponding arrival documents. The student will appear on an overstay report if the two documents do not match and the nonimmigrant's period of stay has expired.

A student currently is admitted for a period covering the time necessary to obtain the stated educational objective. He or she must obtain INS approval to transfer schools, to extend the length of stay, or to obtain employment. Before granting this approval, INS must verify that the student has maintained his or her status as a student, pursuing a full course of study. An approved school is required to report to INS the students who terminate their attendance.

A foreign student is not generally allowed to accept full-time employment while in the United States. INS may authorize the student to work off campus on a part-time basis if an unforeseen need arises. The institution may authorize a foreign student to work on-campus without INS approval. Under certain conditions INS may also authorize practical training employment. During fiscal year 1981, INS authorized part-time work or practical training for 29,952 foreign students.

Student classifications

Until recently, the act provided for two classifications of nonimmigrants admitted to study. One was the exchange student or visitor admitted as a participant in a program designated by the Secretary of State for teaching, instructing, lecturing, studying, observing, conducting research, consulting, demonstrating special skills, or receiving training. These persons were and still are admitted under a "J" visa. The other group of nonimmigrants consists of aliens admitted solely to pursue a full course of study at an approved school and are admitted under an "F" visa.

Public Law 97-116, enacted December 29, 1981, amended the act to add another classification to students formerly covered by "F" visas. Beginning June 1, 1982, students obtaining "F" visas will be those in colleges, universities, seminaries, conservatories, academic high schools, elementary schools, other academic institutions, and language-training programs. Students in established vocational or other recognized nonacademic institutions will obtain an "M" visa. This additional classification will permit INS to implement controls to distinguish between persons seeking academic degrees and those seeking vocational training. Persons admitted under "F" and "M" visas are commonly referred to as foreign students.

Proposed regulations

On May 28, 1982, INS published a Notice of Proposed Rule Making that incorporated substantial changes in procedures for approving schools and granting and maintaining student status. If implemented, the roles of INS and the institutions will be altered considerably. According to INS, controls over school approvals will be strengthened. Much of the control over students in academic programs will be turned over to the institutions, while controls over vocational students will be tightened and will remain the responsibility of INS. These proposed changes are discussed in greater detail in chapter 3.

OBJECTIVES, SCOPE, AND METHODOLOGY

This review was made at the request of the Chairman, Senate Committee on Labor and Human Resources. He asked for information on (1) how many foreign students were enrolled in secondary educational institutions in the United States, (2) where they came from, (3) how they were monitored and controlled by Federal immigration authorities, (4) the extent to which the schools were recruiting these students and whether the schools were lowering admissions standards to do so, (5) the percentage of foreign students attending State-supported schools, and (6) the cost of foreign students to the Federal Government.

We also agreed to provide an overview of the foreign student situation by providing the most reliable statistical information now available on foreign students.

Since we had previously issued two reports[1] dealing with the problems of controlling and monitoring the activities of foreign students, the Committee staff agreed that an update of the information discussed in these reports and of the actions taken on our recommendations would be responsive to the Chairman's request for information on how foreign students were controlled and monitored by Federal immigration authorities.

Also, the Committee staff asked that we provide background information on two current criminal investigations of issues involving foreign students: (1) an investigation of illegal recruiting, conducted by INS and Justice, and (2) an investigation of foreign students illegally obtaining student financial aid, conducted by Justice, INS, ED, and the Postal Service.

We obtained most of our data through reviewing the files and interviewing officials of INS, Justice, ED, and private organizations familiar with the various issues pertaining to foreign students. We also performed limited work at 13 institutions of higher education with large concentrations of foreign students and at 5 INS district offices. At these locations, we reviewed files and procedures related to foreign students and held discussions with knowledgeable officials. At one district office, we performed an analysis of the school approval process.

We selected the 13 schools from a list of 70 institutions each reporting more than 1,000 foreign students in 1980-81 and visited the 5 INS district offices having jurisdiction over the selected schools. We chose these schools to obtain a working knowledge of current procedures used to enroll and monitor foreign students. We did not conduct an indepth review of the activities at each school and do not project data based on these visits in our report. We do, however, comment on our observations and the general procedures now in effect.

We also made extensive use of the PMIC Report on Foreign Students in the United States. This report, issued in July 1981, provided the basis for many of the changes included in the revised regulations on foreign students proposed by INS in May 1982.

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[1]"Better Controls Needed to Prevent Foreign Students From Violating the Conditions of Their Entry and Stay While in the United States" (GGD-75-9; Feb. 4, 1975) and "Controls Over Nonimmigrant Aliens Remain Ineffective" (GGD-80-87; Sept. 11, 1980).

As requested by Committee staff, we did not obtain written comments from INS, ED, or Justice on our report. We did hold numerous discussions with officials from these agencies on the various issues covered.

Our review was performed in accordance with generally accepted government auditing standards.

CHAPTER 2

STATISTICAL DATA ON

FOREIGN STUDENTS

There is little reliable statistical information on foreign students in the United States. The best available data, however, indicate that there were about 312,000 foreign students in the United States in school year 1980-81, accounting for 2.6 percent of the Nation's postsecondary students. These students represented 184 countries and were enrolled in various academic programs at 2,734 institutions in every area of the country. To meet expenses of an estimated $2.5 billion a year, these students rely predominantly on their own resources and those of their home countries.

SOURCES OF INFORMATION

The lack of reliable statistical information on foreign students was discussed in a 1982 report by the Committee on Foreign Students and Institutional Policy for the American Council on Education:

> "Nationwide data with respect to foreign students are increasingly inadequate in both extent and accuracy. Surveys of costs of foreign students to the U.S. institutions and of foreign student financial contributions to the institutions and local economies, institutional models of foreign student programs, and estimates of the effects of the nation's massive training effort scarcely exist."

INS cannot provide statistics on foreign students because it does not have data collection and file systems capable of generating such information. INS is developing an automated system which will begin in January 1983. Once this system is operational, INS should have a much improved data base on foreign students.

Presently, the best available statistical data on foreign students are compiled by the Institute of International Education (IIE), a nonprofit organization. Each year IIE conducts a census of foreign students in approved colleges and universities. This census uses a questionnaire sent to each school listed in ED's "Educational Directory, Colleges and Universities." Using information from this census and other studies,

IIE publishes "Open Doors," an annual statistical report on foreign students and the schools they attend. IIE also publishes other reports on foreign students, such as "Profiles," which provides selected individual data on foreign students, and "Costs at U.S. Educational Institutions."

The IIE statistical information is used extensively in this section of our report. It should be noted, however, that these statistics may not be complete for the following reasons:

--Much of the data are taken from questionnaires completed by school officials. A small number of schools (5.5 percent of those in the 1980-81 survey) did not respond. Also, the information is not verified by IIE.

--Since there is no central listing of INS-approved schools, the group of schools (3,205 in 1980-81) surveyed may not include all schools which have foreign students. IIE has done additional studies to determine the impact of these omissions and has concluded that the number of students not covered by the survey is very small.

--Some schools do not report data in every category.

Also, many of the statistics include data on refugees, who do not fit the normal definition of a foreign student as one who is expected to return to the home country.

FOREIGN STUDENTS ADMITTED

The most recent full year statistics published by INS on foreign students are for the fiscal year ended September 30, 1978. During fiscal year 1978, 9,343,710 nonimmigrant aliens were admitted, of which 187,030 were foreign students.

DISTRIBUTION OF FOREIGN STUDENTS IN THE UNITED STATES

While the foreign student population has increased steadily since World War II, the increase in recent years has been dramatic. In school year 1980-81, the number of foreign students in the United States was almost 312,000, or 2.6 percent of all students enrolled in U.S. institutions of higher education as compared to 1.7 percent in 1970. From 1970 to 1980, the foreign student population increased by 112 percent. These students were attending 2,734 institutions in every State, four territories, and the District of Columbia. The following chart shows the growth in the number of foreign students, the number of institutions reporting foreign students, and foreign students as a percentage of all U.S. postsecondary students since 1954-55.

Year	Foreign students reported	Institutions reporting foreign students	Total U.S. percentage of foreign enrollment
1954-55	34,232	1,629	1.4
1959-60	48,486	1,712	1.4
1964-65	82,045	1,859	1.5
1969-70	134,959	1,734	1.7
1974-75	154,580	1,760	1.5
1975-76	179,344	2,093	1.6
1976-77	203,068	2,294	1.8
1977-78	235,509	2,475	2.1
1978-79	263,938	2,504	2.3
1979-80	286,343	2,651	2.4
1980-81	311,882	2,734	2.6

Source: "Open Doors: 1980-81," IIE.

Appendix I shows statistical data on the (1) locations of foreign students in U.S. schools, (2) types of visas under which these students entered the United States, (3) countries of origin of these students, (4) types of institutions they are attending, and (5) academic standards of these students.

EXPENDITURES AND SOURCES OF FUNDS

Statistics are not available on the total direct costs of educating foreign students--including tuition, fees, living expenses, and incidentals. The Committee on Foreign Students and Institutional Policy estimated that this cost may be about $2.5 billion a year, excluding public and private subsidies.

According to the IIE census, the primary source of funds for foreign students is personal and family resources. Another major source of funding is the home governments of the students. In total, foreign sources accounted for 83.1 percent of the funding for foreign students in 1980-81. The following chart shows the primary sources of funding for the 190,225 students for whom this information was reported in 1980-81:

Source of funds	Percentage of students
Personal and family	67.4
Home government	12.9
College or university	8.6
Foreign private sponsor	2.8
Employment	2.3
U.S. Government	2.3
U.S. private sponsor	1.7
Other	2.0
Total	100.0

Source: "Open Doors: 1980-81," IIE.

Foreign students cannot receive Federal student financial assistance unless they are accepted as applicants for permanent residency or are classified by INS as being in the United States on other than a temporary basis. Thus, students under "F" or "M" visas would not qualify for assistance. The students shown as U.S. Government sponsored in the above table may include (1) participants in exchange programs and (2) refugees.

Federal agencies may indirectly support foreign students by providing other types of support to an institution. For example, all students at a recipient school would theoretically enjoy the benefits of a grant by ED under its Strengthening Developing Institutions Program. However, the presence of foreign students on campus would have no bearing on the size or use of the grant, since it is aimed at assisting the institution in general.

State and private institutions may subsidize foreign students to the extent that the costs of school are almost never totally covered by tuition payments, but rather are subsidized for all students by State appropriations, public and private grants, and other private sources of funds. There are no statistics available on these "hidden scholarships." However, there are certain offsetting factors which should be considered:

--Foreign students typically pay out-of-state tuition at State-supported schools and full tuition at private schools.

--The actual cost of a foreign student can often be viewed as a marginal cost rather than an average cost. Thus, a school which is operating at a level below its optimum

number of students would theoretically benefit from adding students, since the marginal revenues would be greater than the marginal costs associated with those students.

--Foreign students who are funded by foreign sources pump additional money into State and local economies.

According to the Committee on Foreign Students and Institutional Policy, a number of States have begun to reassess their policies toward financing foreign students. As an example, Idaho instituted a "special nonresident-alien fee" of $50 for each student over and above the out-of-State tuition charge. Other States have considered various measures to charge foreign students increased rates of tuition. These have generally not been adopted.

CHAPTER 3

CURRENT AREAS OF CONCERN IN MONITORING AND CONTROLLING FOREIGN STUDENTS

Problems with adequately monitoring and controlling foreign students in the United States are not new and have been addressed at length in the past. Two previous GAO reports discussed problems in such areas as (1) identifying aliens who use foreign student status to immigrate, (2) approving schools to accept foreign students, (3) insuring that students are adequately prepared and have the necessary financial resources, (4) monitoring changes in student status, and (5) maintaining an effective data base on students.

While INS is currently working on resolving these problems, many of them still exist. Two current criminal investigations point to other potential problems with foreign students. One of these concerns the illegal and improper recruiting of foreign students by U.S. institutions. The other involves foreign students illegally obtaining Federal student aid.

RESOLUTION OF ISSUES FROM PREVIOUS GAO REPORTS

We have previously reported on problems with controls over foreign students. Our first report on the subject was "Better Controls Needed to Prevent Foreign Students from Violating the Conditions of Their Entry and Stay While in the United States" (GGD-75-9), issued in February 1975. Many of the problems covered in this report were discussed in a later report entitled "Controls Over Nonimmigrant Aliens Remain Ineffective" (GGD-80-87), issued in September 1980. In both reports we said that the controls over foreign students were weak and in need of substantial change. We pointed out problems in approving schools to admit foreign students and in monitoring the entry, stay, and departure of the students admitted. We also noted that INS' records system could not be used to identify foreign students and monitor their activities. INS generally agreed with our conclusions, but pointed out that low staffing levels and higher priority issues in immigration precluded an effective system for control.

Recently, the Congress and INS have taken steps to improve controls over foreign students admitted to U.S. schools. For example, Public Law 97-116, enacted December 29, 1981, added a new visa classification for foreign students in vocational schools. Also, legislation will be introduced that would require foreign students, except in unusual circumstances, to

leave the country for 2 years before they could apply for immigrant status. On May 28, 1982, INS issued proposed regulations which will substantially change the procedure for approving schools to admit foreign students and for granting and maintaining student status.

Information on actions taken on previous GAO recommendations to improve controls over foreign students follows.

Mandatory waiting period

In our 1975 report, we pointed out that about 22 percent of the nonimmigrant aliens who legally adjusted their status to permanent residents in fiscal year 1974 had entered the United States as students. We therefore concluded that foreign student status had become a method for many aliens to receive preferential treatment in acquiring permanent resident status under other provisions of the Immigration Act. Also, we noted that many of the students obtained the grounds for permanent resident status while violating their student nonimmigrant status. We suggested that, if the Congress wished to eliminate this preferential treatment for these students, it should impose a mandatory waiting period for foreign students before allowing them to acquire immigrant status.

In the last session of the Congress, the Senate passed Senate Bill 2222, which would have significantly altered U.S. immigration policy. Included in the bill was a provision that a foreign student must leave the United States for a 2-year waiting period before he or she could apply for immigrant status. Exceptions could be granted to students who are married to U.S. citizens or faced persecution in their home countries. If enacted, this provision for a mandatory waiting period would have eliminated the potential for foreign student immigration status being used as a method for acquiring permanent resident status. However, a similar bill, H.R. 7357, did not pass the House. We understand that the principal objection to the bill in the House concerned provisions of the bill dealing with controls over employment of illegal aliens. Also, we were advised by Senate Subcommittee on Immigration and Refugee Policy staff that revised bills will be introduced in the current session of the Congress which will contain a provision that foreign students must return to their home country for at least 2 years before they could seek to become permanent residents in the United States.

School approvals

A principal element of INS' control over foreign students is its procedure under which schools are approved to admit foreign students. The schools are required to (1) issue a

certificate of eligibility verifying that a prospective student has the necessary qualifications and financial resources and (2) report to INS students who fail to register or terminate their attendance. Thus, it is essential that INS effectively monitor schools to identify those which fail to meet their responsibilities and, if necessary, to withdraw approval to admit foreign students. Although INS procedures provide for periodic reviews of approved schools to determine whether they are meeting eligibility and reporting requirements, this is seldom done because of a shortage of staff and higher priorities within INS.

In our 1975 report, we noted that some approved schools were issuing certificates of eligibility to aliens without assessing their qualifications, and they were not reporting to INS the students who were not meeting the schools' attendance requirements or not progressing satisfactorily toward their educational goals. We concluded that INS must establish a strong school compliance review program to identify the schools which fail to meet their responsibilities and, when necessary, initiate action to withdraw school approvals. In this regard, we recommended that INS institute a mandatory program and specific guidelines for making systematic onsite school compliance reviews covering the revalidation of school approvals and schools' compliance with Federal regulations.

In our 1980 report we noted that although INS had directed its district offices to review schools every 2 years, this was not being done on a consistent basis. At the district offices visited, INS did not have updated information on school approvals.

PMIC's report in July 1981 found additional problems in the school approval process. The report noted that approval forms simply had been collected over the years in INS' district offices, there was no systematic review and update of the approvals, and there was no central file of approved schools. The report made several recommendations to improve procedures for school approvals, including clarified recordkeeping and reporting requirements, specific withdrawal procedures, a one-time recertification of schools, centralization of the approval process, and reliance on ED data bases.

During our visits to five INS district offices, INS officials stated that little had been done to insure that the schools were meeting INS' standards and that they did not have the resources to substantially upgrade the school approval process.

At the Washington, D.C., district office we reviewed the files for schools approved as of June 1982 to determine (1) how current the information was, (2) how the schools are monitored, and (3) how well INS coordinates its activities with ED. Of 196 schools maintained in a card file as "approved" schools, we found inconsistencies in the records for 28. Of these 28 schools, 10 had closed, 10 had changed names, and 1 had relocated in another INS district. Records for the other seven schools could not be located. In reviewing INS' coordination with ED for the approval of schools we found that, of the 196 approved schools, 21 were not listed in current ED directories and had not been referred to ED for consultation, 2 had been approved despite a recommendation by ED for deferral, 1 had never been eligible for any ED programs, and 9 had continued to be approved by INS even though ED had revoked their eligibility for its own programs.

We discussed the results of our analysis with INS' officials at the headquarters level. These officials told us that they recognize that the school approval process is weak and that the changes in the regulations proposed in May 1982 are aimed at rectifying this situation. The principal provision in this regard is a one-time recertification process in which all schools seeking to continue their approval would reapply and reaffirm their intent to comply with INS' requirements. Also, the regulations would be revised to provide for clear criteria for withdrawal of school approval. For example, the proposed regulations specifically provide that INS could withdraw approval (1) for conduct by a school official which does not conform with the regulations, (2) for willful issuance of a false certification for practical training, or (3) for designating an official to sign I-20's who does not meet specified requirements. Withdrawal would be automatic when the school changes ownership or closes, unless it receives a specific redetermination of approval from INS.

INS is also developing an automated system for maintaining records on approved schools. While approval will still be granted by the district offices, there will be a central updated file on approved schools. This system is now being developed and is scheduled for implementation in January 1983. According to an INS official, ED and INS are considering procedures whereby ED will provide current data on schools so that INS can update its automated file and initiate withdrawal procedures on schools which ED drops from its own eligibility listings.

Full course of study for vocational students

In our 1975 report, we recommended that INS renew its efforts to satisfactorily define a full course of study in vocational schools. This has been done in the proposed regulations for "M" visa students. In essence, the regulations stipulate that a student in a vocational school must be enrolled in a course of study requiring attendance of (1) at least 20 clock hours a week if the dominant part of the course is classroom instruction, (2) at least 25 clock hours a week if the dominant part of the course is shop or laboratory work, and (3) not less than the minimum number of hours prescribed as normal progress toward graduation. Also, successful completion of the course of study must lead to the attainment of a specific educational or vocational objective.

Controls over transfers, extension of stay, and employment

Our 1975 report noted problems with controls over students' requests for school transfers, extensions of stay, and employment. We found that schools were uncertain about how they should certify such requests and INS did not have proper procedures for adjudicating them. As a result, many students were allowed to stay in the United States without adequately pursuing their declared educational goals or were allowed to work without adequate justification. We recommended that INS clarify schools' responsibilities in this area and provide additional criteria for INS' adjudicators. Our 1980 report noted that action taken to resolve these problems had not been satisfactory.

According to INS officials, the changes to the regulations proposed in May 1982 will clarify, strengthen, and streamline the controls over monitoring foreign students' status. Controls over the traditional ("F" visa) students would be left largely to the schools, while controls over vocational ("M" visa) students would be enforced closely by INS. Overall, the new regulations are intended to make better use of school sponsorship of students, eliminate abuses by certain schools, and improve INS' control over vocational schools and students.

We believe that the actions taken are responsive to our recommendations. However, since the proposed regulations had not been fully implemented at the time of our review, we cannot express an opinion on their effectiveness.

"F" visa students

The proposed regulations provide for a policy of allowing students to maintain their "F" visas as long as they maintain their student status. Thus, they would no longer have to establish a definite date of departure or ask for extensions of stay from INS. The schools would only be required to report changes in a student's status. According to INS officials, these regulations would eliminate much burdensome paperwork while, at the same time, maintain control over students by more effectively using institutional sponsorship.

The new regulations would also eliminate INS' approval of school transfers for "F" visa students. Again, this would be the responsibility of the schools. This would reduce both the paperwork and time now required for students to transfer schools. Since INS approves an estimated 94 to 97 percent of about 50,000 applications for transfer each year anyway, no loss of control is anticipated. The school to which the student is transferring will be required to issue the student an I-20. The student will provide a copy of the I-20 to his or her old school, which will inform INS of the intended transfer.

Another major revision in the regulations relating to "F" visa students would prohibit off-campus employment for students who remain in the United States for 1 year or less and would prohibit employment during the first year in the United States for all students who remain in the United States for more than 1 year. Previously, there was no mandatory waiting period. The new regulations provide that a student in the United States longer than 1 year would be eligible to apply to INS for employment authorization based upon economic necessity due to unforeseen circumstances. Approval for employment could be granted only by INS. Under certain conditions, the proposed regulations will permit a school to authorize temporary employment for practical training where it is an integral part of a student's education.

"M" visa students

Students under an "M" visa would be admitted for (1) the period of time necessary to complete his or her study plus 30 days or (2) 1 year, whichever is less. After this time, the student must either leave the country or receive an extension of stay from INS.

Students under an "M" visa would also have to apply to INS for school transfers or practical training. A transfer would not be permitted after 6 months unless the student is unable to stay in his or her current school due to circumstances beyond

his or her control. Also, the student would not be permitted to change his or her educational objective. The vocational student will not be permitted to work unless the work involves practical training necessary for obtaining his or her educational objective.

Interviews with applicants and English proficiency requirements

In our 1975 report, we recommended that INS and the Department of State require, as part of screening procedures, inquiries concerning the opportunities an alien would have to use vocational training desired in his or her home country. INS specifically addressed this point in the regulations proposed in May 1982. An "M" visa student must certify that the training he or she receives in the United States can be used in his or her home country and that a course of study of comparable quality and cost is unavailable to him or her in the home country.

We also recommended in the 1975 report that INS (1) interview all applicants for student status to help determine their financial capability, intention to pursue a full course of study, and intention to return to their home countries and (2) require an English language proficiency qualification.

INS officials said that interviews were already held at consulates for persons seeking student visas and that a student must now certify his or her financial capability, academic background, and English proficiency to the satisfaction of the approved school. Also, the proposed regulations tighten entry requirements for students, make employment more difficult, and clarify the right of INS to withdraw approval from schools not properly verifying foreign student applications.

INS officials said that INS did not have sufficient resources to interview all applicants but, under the new regulations, should be better able to control those who present potential problems. There are no plans to place further requirements on the determination of English proficiency, since this has not been identified as a significant problem.

Reestablishing financial capability

Our 1975 report noted that INS did not reevaluate the financial capability of a student transferring schools, even though the costs of school and the student's ability to meet the costs may have changed substantially since the original determination of his or her financial resources was made. We recommended that INS require students to reestablish their financial capability when they transfer schools and education costs increase significantly.

According to INS officials, the proposed regulations will address the GAO recommendation. When an "F" visa student transfers schools, the school to which the student is transferring will be required to provide an I-20 to the student, who will then present it to his or her current school. The school to which the student is transferring will recertify the student's financial capability. The "M" visa student will be required to provide documentation that he or she has financial resources for at least a year, which is the maximum amount of time he or she is authorized to stay in the country. Also, an "M" visa student cannot normally transfer schools after 6 months and cannot obtain employment to help meet his or her financial needs.

INS' reviews of adjudications

In our 1975 report, we recommended that INS establish a program for making reviews to determine that adjudications for changes in student status are conforming to operating instructions. INS officials said this had not been done consistently because of a lack of resources; however, INS plans to concentrate more in this area after the proposed regulations are implemented and the new data base is available. Currently, INS is rewriting its manual for adjudications.

Creation of student data base

One problem that has always plagued INS in its attempts to monitor foreign students has been the lack of an updated file system which would allow adjudicators to readily research a student's immigration records. In 1975, we recommended that INS develop such a system. INS responded that, although such files would be desirable, it did not have the resources at that time to accomplish this.

In our 1980 report, we noted that the lack of reliable information had prevented INS from improving controls over foreign students. For example, we noted that INS had difficulties in identifying Iranian students during a special survey in 1979 and 1980. INS found that much of its information on file was invalid and that a systematic search of its records to obtain information on individual students would have been very difficult. INS resorted to a survey of schools to obtain the necessary information on Iranian students, requiring a special detailing of personnel involved in other tasks at the time. This survey eventually led to a commitment of enormous resources just to develop current information on Iranian students, who composed about 20 percent of the foreign student population in the United States at that time.

Currently, the records system has not improved. There is no central file. Information is separated by type of form and stored alphabetically. There are no files on individual students except those established for students under some type of special investigation.

The PMIC report in July 1981 pointed out the need for a reliable data base on students. The report stated that "* * * it is a direct corollary of the principal objective of INS with respect to foreign students that the Service must have timely and reliable information about them." The report recommended developing a centralized, automated system which would rely heavily on approved schools for input. This would require a reaffirmation of the authority of INS to obtain certain data from the schools.

INS is taking action to develop a reliable information system on foreign students. The proposed regulations require that approved schools report to INS each new "F" or "M" visa student who registers. The regulations also stipulate INS' rights to information from the schools and would clarify the requirements for schools' recordkeeping and reporting.

INS is also developing an automated data base for foreign students and approved schools, with implementation early in 1983. This data base, which will be a part of INS' new Nonimmigrant Information System, will contain for each foreign student information such as name, date of birth, citizenship, intended U.S. address, visa issuing post, date and class of admission, port of entry, school attended, sponsor, employment, and changes to student status. The successful operation of this system will require (1) obtaining pertinent data by INS at entry and departure points and (2) reliable reporting of information by approved schools.

The new system will also provide a centralized list of approved schools. After this base is created, INS intends to use information available from ED to assist in periodic updating. One advantage of the data base on approved schools is that it will be created in conjunction with the one-time recertification process required by the proposed regulations.

CURRENT CRIMINAL INVESTIGATIONS INVOLVING FOREIGN STUDENTS

Investigations of issues related to foreign students are now underway nationwide. These investigations concern possible illegal activities in connection with recruiting foreign students by postsecondary schools and foreign students who have illegally obtained federally supported student aid. Prosecutions

by Justice have resulted from these investigations and more prosecutions are anticipated as the investigations continue. With regard to those cases involving recruiting activities, INS has proposed regulations aimed at preventing their recurrences.

Since we do not have access to the investigative files containing grand jury information, we were unable to review cases still under investigation. However, we did review the files on closed cases and were able to obtain summary information from INS, ED, and Justice on their objectives, scope, and conduct of the investigations still underway.

Investigation into recruiting activities

There is nothing intrinsically wrong with recruiting foreign students or using professional recruiters. Operating properly, a recruiter will find a qualified student; obtain an application to the school with supporting documents; and then send these to the institution for review, acceptance, and issuance of an I-20. Recruiters can also provide helpful services to the students by assisting in selecting schools, transmitting fees and tuition payments, and effecting prompt servicing of the application.

However, in late 1978 and early 1979, media attention focused on the activities of foreign recruiters in Iran who were purportedly selling blank, signed I-20's to foreign students for sums of money ranging from $300 to $2,000. As a result, INS began investigations into the nonimmigrant student recruiting enrollment practices of the schools reportedly involved.

These investigations disclosed that some schools were signing blank I-20's and sending them to recruiters in Iran, other Near East countries, and South America. The recruiters then solicited students wanting to come to the United States and who were willing to pay a "processing" fee. Upon receiving the I-20's, students obtained visas and came to the United States. The schools later received copies of the I-20's and applications. It was found that, in some instances, the schools did not know who had been accepted until the students arrived.

According to the investigators, the colleges they found sending signed blank I-20 forms overseas usually did so because they were having financial difficulties and wanted to increase their enrollments. However, by sending the blank I-20 forms overseas, the necessary screening of the students by the schools was not possible. As a result, the investigators found that, in many instances, students admitted were scholastically unqualified; in other cases, students were admitted for courses of study which were not even offered at the school. Some students

were admitted to 2-year colleges for which the students were academically overqualified; in others, students with insufficient proficiency in English were admitted to schools which did not offer English proficiency courses.

While the 13 schools we visited actively supported and encouraged the admission of foreign students, we saw no evidence of illegal recruiting activities. At these schools, foreign students were required to meet entrance requirements equal to or more stringent than those for U.S. students. The schools were reviewing the adequacy of students' educational backgrounds and insuring a proper level of English language proficiency.

Legal action taken on investigative findings

The Justice Department, assisted by the Department of State, initiated criminal proceedings against implicated recruiters and school officials during early 1981.

In May 1981, a professor of criminal justice at a 4-year college, who was also the president of an English language school, was convicted for making false statements to American consular officials, a violation of 18 U.S.C. 1001, and encouraging or inducing the unlawful entry of an alien into the United States, a violation of 8 U.S.C. 1324(a)(4).

In 1982, a director of an English language school associated with a State university was charged with violations of 18 U.S.C. 1001 and 8 U.S.C. 1324(a)(4), arising from improper recruitment of students from South America. In July 1981, indictments were returned which charged a professional student recruiter and five officials and former officials of five schools and colleges with conspiracy to defraud the United States, a violation of 18 U.S.C. 371; false statements, a violation of 18 U.S.C. 1001; and mail fraud, a violation of 18 U.S.C. 1341.

In November 1982, after we had completed our review, a Justice official provided an update on the actions against the persons charged with recruiting violations. We were advised that, on the basis of an internal Justice decision, the director of the English language school was placed in a "pre-trial diversion"[1] program as an alternative to trial. We were also advised that, because of this action, charges against four of the five college officials indicted for conspiracy, false

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[1]In general, a "pre-trial diversion" is a special discretionary procedure under which certain defendants are placed in community or other rehabilitation programs before trial. Upon the successful completion of the alternative program, the defendant is released without trial.

statements, and mail fraud were dropped. The college official who pleaded guilty was fined and placed on probation. The professional recruiter who had also pleaded guilty was sentenced and is now in prison. The Justice official could not advise us as to the effect that these actions would have on future cases.

Also, as a result of the investigations, INS in 1981 administratively withdrew the approval of one California trade school to enroll nonimmigrant students. The decision is currently being appealed to the Ninth Circuit Court of Appeals. According to INS, administrative proceedings to revoke the authority of additional institutions to enroll nonimmigrant students may be instituted.

Continuing investigations

INS and Justice are continuing investigations of recruiting fraud at U.S. postsecondary institutions, with more than 100 institutions involved in the investigations. Because these investigations are still underway and because grand jury information is involved, we did not have access to the files on active cases.

However, INS provided us an analysis of the cases currently under investigation and in litigation which revealed many questionable and possibly illegal practices. Some of these practices were:

--Schools would issue I-20's without first examining or verifying English proficiency, academic ability, or financial resources as shown on the students' applications.

--Schools would designate a commercial recruiter to be an admissions officer or agent to screen and select foreign students. In some cases, the school signed the otherwise blank I-20's and delivered them to the recruiter, who completed them and provided them to students overseas. In other cases, the recruiter actually signed the I-20's.

--Some recruiters, authorized as agents by the schools, would send signed, but otherwise blank I-20's to another agent in a foreign country. This subagent would then issue the I-20's to the foreign students.

--Some school officials delivered signed, but incomplete I-20's to their agents in foreign countries with no instruction regarding the necessary qualifications or the school's curriculum.

--Some schools which actually recruited and enrolled foreign students had not been approved by INS, but were using the approval numbers of host schools whose space they leased.

Proposed regulatory changes

In conjunction with attorneys from Justice, INS has designed procedures aimed at preventing the recruiting abuse found in the recent investigations. These procedures have been included in the revised regulations for foreign students proposed in May 1982.

The proposed regulations required approved schools to submit the names, titles, and sample signatures of designated school officials and statements from designated school officials that they (1) have read the INS regulations relating to nonimmigrant students and school approvals and (2) intend to comply with these regulations. Schools would have to report each new foreign student who registers and would have to make information on students available to INS' officials upon request. The regulations also provide a one-time recertification of approved schools and list new grounds for withdrawal of school approval. Finally, the procedures for issuing an I-20 will be clarified by specifying it can be issued only when the

--prospective student has made a written application;

--written application, the student's transcripts, financial responsibility, and other supporting documents have been received and evaluated at the school's location in the United States;

--appropriate school authority has determined that the student meets all standards for admission; and

--official responsible for admission at the school has accepted the prospective student for enrollment in a full course of study.

The designated official cannot verify the I-20 until the form has been completed. The I-20 must identify the exact school the student will attend. The regulations emphasize that an I-20 must be issued from a location within the United States.

Foreign students receiving student financial aid

Although foreign students are not eligible for federally supported student financial aid programs, a recent group of

criminal prosecutions in Rhode Island indicate that some nonresident aliens have received Federal aid. Other investigations are now underway in other parts of the United States to identify additional violators and determine the scope of the problem. If found to be significant, this problem may point to a need for requiring students applying for aid to submit proof of eligibility.

Rhode Island investigations

The Rhode Island investigations were initiated in June 1981 when the Economic Crime Specialist, Justice's Criminal Division, assigned to Providence received information that a number of Guaranteed Student Loan (GSL) recipients in the area were in default. A team of investigators from ED's Inspector General's Office, INS, and the Postal Inspection Service found that certain of these recipients were aliens who had falsely claimed to be U.S. citizens on applications for Federal aid. The investigations led to indictments in August 1981 against 27 persons who had received $92,920.25 in GSLs and Basic Educational Opportunity Grants (BEOGs--now known as Pell Grants). The defendants were charged with fraudulently obtaining Federal student financial assistance and mail fraud.

As of May 1982, 21 of the 27 persons indicted had been apprehended and had entered pleas of guilty. The case against one person was dismissed, and the other five persons are fugitives. Of the 21 who pleaded guilty, 19 received suspended sentences ranging from 6 months to 2 years and were ordered to make restitution. The other two persons who pleaded guilty were released on their own recognizance, did not appear for sentencing, and are now fugitives.

As of June 1982, actions taken by INS regarding the 27 persons indicted in the Rhode Island cases were as follows:

Action	Number of persons
Deported	3
Deportation proceedings underway	12
Permanent residency requested	4
Fugitive--whereabouts unknown	7
Action pending	1
Total	27

Nationwide investigations

In light of the disclosures of the investigations in Rhode Island and the potential for abuse in other areas of the country, the four agencies involved initiated the Alien Student Loan and Grant Fraud Project. The Project is now conducting investigations in all 10 Federal regions. Since the investigations are still underway, have not yet resulted in indictments, and may involve grand juries, details were not available to us at the time of our review. Officials involved in the project told us that indictments would be forthcoming, and they provided some general information on the manner in which the investigations are being carried out:

1. The majority of the investigative work will be done jointly by INS and ED. The services of the Postal Inspection Service will be enlisted as needed. Procedures may vary in each location, but will follow general guidelines agreed upon by all the agencies involved.

2. INS and ED will determine the areas where a significant foreign student population exists. In these areas, the agencies will determine whether foreign students are receiving GSLs and Pell Grants by falsely claiming to be U.S. citizens. Normally, this information can be obtained through a review of records available to INS and ED and would not require a grand jury subpoena.

3. Unless a grand jury subpoena is required, the U.S. attorney will not become involved until the investigations are completed. At this time, the agencies will provide the appropriate U.S. attorney a complete investigative package setting forth the extent of the problem in the appropriate jurisdiction.

4. Due to the likelihood of flight, potential defendants will not be interviewed before the matter is presented to the U.S. attorney. After obtaining the investigative package, the U.S. attorney may conduct any additional investigation necessary as well as develop prosecutive guidelines in that jurisdiction. The actions taken by the U.S. attorney will depend on such factors as the number of cases to be prosecuted, the number of grants and loans fraudulently obtained, whether the potential defendant is currently receiving grants or loans, or whether the potential defendant has received other Federal benefits to which he or she was not entitled.

Project officials were not able to provide time frames or staff estimates for the investigations, since the work was still in the early stages and they do not know the full extent of the problem at this time. They believe that indictments will be forthcoming as a result of the ongoing investigations.

During our visits to 13 institutions, we conducted limited tests to determine whether foreign students were receiving Federal student aid. We found that the schools visited had procedures to prevent students who they knew were neither U.S. citizens nor permanent resident aliens from receiving aid. However, since Federal regulations do not require a financial aid recipient claiming to be a U.S. citizen to provide proof of citizenship or residence, fraudulently prepared applications for assistance might not be detected.

We found only 11 foreign students at 2 schools who had received Federal financial aid. None of these cases involved falsification of citizenship data or immigration status data. They apparently were the result of errors on the part of employees in the financial aid office in noting that the students were not eligible. When we brought these cases to the attention of the schools involved, they initiated corrective action.

Conclusions

The completed criminal investigations disclosed instances of foreign students fraudulently receiving financial aid. The continuing investigations will provide more data on the extent to which these abuses are occurring. Also, we noted some instances where errors on the part of employees in the institutions' financial aid offices allowed foreign students to obtain financial aid. One way to reduce the potential of foreign students erroneously receiving financial aid would be to require student aid offices to periodically review their schools' listings of foreign students to insure that none of them are receiving student aid. To stop students from illegally receiving aid by falsely claiming U.S. citizenship, however, the Secretary of Education would have to require all applicants for aid to provide proof of citizenship or residency status.

Recommendations to the Secretary of ED

We recommend that the Secretary review the information disclosed by the investigations now being conducted by the Alien Student Loan and Grant Fraud Project. If this review shows that the problem of foreign students fraudulently receiving Federal financial aid is widespread, the Secretary should require each applicant for student aid to submit proof of citizenship or residency to the institution in which he or she is enrolled.

STATISTICAL DATA ON FOREIGN STUDENTS

LOCATIONS OF FOREIGN STUDENTS IN U.S. SCHOOLS

The 312,000 foreign students in the United States in 1980-81 were located in every region of the country. The following chart shows the number and percentage of foreign students by major U.S. region.

Region	Number of students	Percentage of total
Northeast	61,152	19.6
South	65,492	21.0
Southwest	37,143	11.9
Midwest	67,449	21.6
Mountain	10,363	3.3
Pacific	68,593	22.0
Other	1,690	0.6
Total	311,882	100.0

Source: "Open Doors: 1980-81," IIE.

The following chart shows the number and percentage of foreign students in the 10 leading States during 1980-81. These 10 States accounted for 6 out of 10 foreign students.

State	Number of students	Percentage of U.S. total
1. California	52,289	16.8
2. New York	26,059	8.4
3. Texas	23,415	7.5
4. Florida	16,256	5.2
5. Massachusetts	14,642	4.7
6. Illinois	12,921	4.1
7. Michigan	11,492	3.7
8. Ohio	10,240	3.3
9. Pennsylvania	9,616	3.1
10. District of Columbia	8,995	2.9
Total	185,925	59.7

Source: "Open Doors: 1980-81," IIE.

TYPES OF VISAS UNDER WHICH STUDENTS ENTERED THE UNITED STATES

IIE obtained information on the types of visas for 251,842 of the total 311,882 foreign students reported in 1980-81. The percentage of students reported under each visa was as follows:

Visa type	Percentage of students
"F" visa	82.9
"J" visa	6.7
Other visa types	5.6
Refugees	4.8
Total	100.0

Source: "Open Doors: 1980-81," IIE.

COUNTRIES OF ORIGIN

In IIE's 1980-81 census of foreign students in the United States, institutions reported foreign students from 184 countries. The following chart shows the number and percentage of foreign students by major world region:

Region	Number of students	Percentage of total
Africa	38,180	12.2
Europe	25,330	8.1
Latin America	49,810	16.0
Middle East	84,710	27.2
North America	14,790	4.7
Oceania	4,180	1.3
South and East Asia	94,640	30.4
Stateless	240	.1
Total	311,880	100.0

Source: "Open Doors: 1980-81," IIE.

The number of foreign students from various regions and individual countries has varied considerably over the years. Recently, for example, there has been a marked increase in the number of students from member countries of the Organization of Petroleum Exporting Countries. This group had a 21.2-percent increase between 1977-78 and 1978-79, and a 12.6-percent increase in 1979-80. In 1980-81, this increase dropped to only 1.3 percent, largely influenced by a substantial decrease in the number of Iranian students.

Iran has continued to be the leading country of origin for foreign students, with about 2-1/2 times as many students as the next leading country. There is substantial diversity among the leading countries, however, with 58 countries having more than 1,000 students in the United States in 1980-81. The following chart shows the leading countries for foreign students in the United States in 1980-81:

Country	Number of students	Percentage of yearly total
1. Iran	47,550	15.2
2. Taiwan	19,460	6.2
3. Nigeria	17,350	5.6
4. Canada	14,320	4.5
5. Japan	13,500	4.3
6. Venezuela	11,750	3.8
7. Saudi Arabia	10,440	3.3
8. Hong Kong	9,660	3.1
9. India	9,250	3.0
10. Lebanon	6,770	2.2

Source: "Open Doors: 1980-81," IIE.

INSTITUTIONS IN WHICH FOREIGN STUDENTS ENROLL

Compared with all students in the United States, foreign students enroll in 4-year schools in a much higher proportion than they enroll in 2-year schools. The following chart illustrates this point by showing the percentage distribution for 1980-81:

Institution type	All students	Foreign students
	(percent)	
4-year	62.9	82.6
2-year	37.1	17.4
Total	100.0	100.0

Source: "Open Doors: 1980-81," IIE.

Although the difference is not quite as great, there is also a higher proportion of foreign students in private institutions. The following chart shows the percentage distribution of all students and foreign students enrolled in public and private institutions during 1980-81:

Institution control	All students	Foreign students
	(percent)	
Public	78.0	64.8
Private	22.0	35.2
Total	100.0	100.0

Source: "Open Doors: 1980-81," IIE.

In the 1980-81 IIE survey, 70 institutions reported more than 1,000 foreign students, compared to only one such institution in the 1954-55 survey. These 70 institutions accounted for 35.3 percent of the total foreign student population in the United States. Nine institutions reported more than 2,000 foreign students each and accounted for 7.6 percent of all foreign students reported in 1980-81.

The 70 institutions with over 1,000 foreign students include many of the largest and most prestigious postsecondary institutions in the country. Most are 4-year institutions, with only three 2-year institutions on the list. Nineteen of the 70 were private institutions, while 51 were public. No proprietary schools reported more than 1,000 foreign students.

APPENDIX I

The 10 institutions reporting the most foreign students in 1980-81 were as follows:

	Institution	Number of foreign students
1.	Miami-Dade Community College	4,520
2.	University of Southern California	3,456
3.	Columbia University, Barnard and Teachers College	2,591
4.	Los Angeles City College	2,409
5.	Texas Southern University	2,347
6.	University of Wisconsin, Madison	2,280
7.	University of Michigan, Ann Arbor	2,104
8.	Northeastern University	2,081
9.	Boston University	2,015
10.	University of California, Los Angeles	1,990

Source: "Open Doors: 1980-81," IIE.

The institutions reporting over 1,000 foreign students with the most foreign students as a percentage of their total student populations were as follows:

	Institution	Percentage of total enrollment
1.	Northrop University	82.6
2.	United States International University	40.1
3.	Texas Southern University	29.0
4.	University of San Francisco	24.0
5.	Massachusetts Institute of Technology	22.4
6.	Howard University	13.6
7.	University of Southern California	12.6
8.	American University	12.5
9.	Los Angeles City College	12.2
10.	University of Miami	11.5

Source: "Open Doors: 1980-81," IIE.

As stated earlier, it should be noted that IIE does not attempt to verify these statistics, but only uses those reported on questionnaires. In some cases, schools may include students such as refugees or permanent residents in the overall total.

ACADEMIC CHARACTERISTICS

The most popular fields of study for foreign students are engineering and business/management. Both of these areas have experienced growth over the years, while fewer foreign students are pursuing an education in formerly popular areas, such as humanities and social sciences. The following chart shows the percentage of foreign students in selected fields of study in 1954-55, 1969-70, and 1980-81:

Field of study	1954-55	1969-70	1980-81
	(percent)		
Agriculture	3.5	2.7	2.8
Business/management	8.6	11.6	17.4
Education	4.3	5.8	3.8
Engineering	22.3	22.0	25.8
Fine/applied arts	5.8	4.7	5.0
Health professions	9.3	4.4	3.6
Humanities	16.1	14.9	4.2
Mathematics/computer sciences	1.3	3.3	6.1
Natural/life sciences	10.7	12.6	7.4
Social sciences	14.7	12.8	7.8
All others/undeclared/ no response	3.4	5.2	a/16.1
Total	100.0	100.0	100.0

a/Includes 8.1 percent in Intensive English language studies.

Source: "Open Doors: 1980-81," IIE.

Most foreign students are enrolled at the undergraduate level. The following chart shows the percentage distribution of foreign students by academic level in 1980-81:

APPENDIX I

Academic level		Percentage
Associate		15.3
Undergraduate:		44.9
Freshman	10.7	
Sophomore	8.4	
Junior	8.2	
Senior	8.3	
Unspecified	9.3	
Graduate:		31.8
Master's	16.2	
Doctorate	7.4	
Professional training	1.0	
Unspecified	7.2	
Other:		8.0
Practical training	1.1	
Nondegree	2.7	
Intensive English language	4.2	
Total		100.0

Source: "Open Doors: 1980-81," IIE.

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